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ABSTRACT

The three papers in this briefing provide guidance for planners and program designers responding to the child care challenges of the 1990s. Rebecca Maynard explores the child care market for low-income parents, finding that even though family day care is plentiful in low-income areas, child care centers operate at or near capacity, and neither family day care providers nor centers report much capacity to care for more infants. In discussing the importance of quality in child care, Ellen Eliason Kisker identifies five indicators of child care that appear to have a positive influence on child development: small group size; appropriately trained caregivers; stable child-caregiver relationships; educationally oriented curricula; and high staff-child ratios. In Stuart Kerachsky's article, it is maintained that implementation of the child care assistance provided under the Family Support Act (FSA) will require attention to the continuity and consistency of child care coverage, the method of subsidization, and the procedures for matching care with the needs of parents and children. Kerachsky also asserts that it is important to begin thinking about what will happen to low-income working parents and their children at the end of the year of transitional child care that the FSA provides. (RH)

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The Minority Female Single Parent Demonstration

Child Care Challenges for Low-Income Families

Rebecca Maynard
Ellen Eliason Kisker
Stuart Kerachsky

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Child Care Challenges for Low-Income Families

Rebecca Maynard
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Rocketeller Foundation
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Introduction

If mothers on welfare are to become financially self-sufficient, they must enter the workforce full time—in jobs that pay more than the minimum wage. To secure gainful employment, many first need education and job training. But devoting the time and emotional energy necessary to build skills and hold full-time jobs also requires that mothers have access to child care. That child care must be more than affordable. It must also be stable, reliable, and flexible.

Today, most mothers with preschool children work outside the home, and must place their children in care for a significant amount of time during the work day. But poor families can seldom afford the types of care that higher-income families have come to expect for their children. What's accessible may be of poor quality, complicating the lives of the families whose children have the most to gain from enriched child care.

With the passage of the Family Support Act (FSA) and the implementation of the Job Opportunities and Basic Skills (JOBS) program, the federal government and the states are taking a bold step to broaden the child care choices available to poor families. When the FSA is fully in place, welfare families will be eligible for financial assistance for child care while they engage in education and training activities and for a full year after they leave the welfare rolls for employment. These subsidies will enable a growing number of poor families to use child care—and will change the type of care they seek. These changes in the demand for child care may radically alter the child care industry.

The work patterns of mothers and the care of children have changed dramatically over the past two decades. Meanwhile, the frustration of poor families has risen as the high costs of and narrow choices for child care have stymied their efforts for economic self-sufficiency. The FSA clearly represents a new social compact between families and government, built on mutual effort and responsibility. Central to that compact is the government's assurance to help families striving to leave the welfare rolls find good care for their children.

Child care under the Family Support Act of 1988

Under the new federal law, all states must set up mandatory JOBS (Job Opportunities and Basic Skills) programs for all welfare recipients with children over the age of three to provide education and training services to prepare for work (states may lower the age limit to one year).

States must provide child care assistance to:

- Welfare recipients who are required to participate in JOBS programs or who volunteer to participate in such programs.
- All welfare recipients, regardless of whether they are in JOBS programs, who want to work but need child care for a child under 13 (or an older child with special needs) in order to accept or maintain a job or participate in approved education and training activities.

An additional target group is teenage parents who have not completed high school or obtained a general equivalency diploma. They are required to be in school or participate in other educational activities regardless of the age of their child, and they must receive child care assistance.

Types of child care

States may set up the child care support system through such means as direct provision, the use of public or private providers (using contracts or vouchers), and cash or vouchers for caretaker relatives. But all types of care must be eligible, including center care, family day care, group family day care, or care in the home. To get federal matching funds, states are required to ensure that child care meets applicable standards of state and local law.

Transitional child care

When welfare recipients receive enough earnings from employment to become ineligible for AFDC benefits, they are eligible for up to 12 consecutive months of child care "transitional" assistance—if they have received AFDC benefits in three of the preceding six months and if child care is essential for them to accept or keep a job. And as with the child care support under JOBS, states must support all types of child care. Under transitional child care, all participants receiving the assistance must contribute to the child care payments, based on a sliding fee scale that the state establishes.

Funding

States are obliged to provide child care support to all eligible families, and they can claim a federal match (at the state's Medicaid rate, a minimum that starts at 50 percent) for as many children as they pay for. The amount of funding available per child is limited in part by a statewide rate set by each state. States cannot set this rate below $200 a month for a child younger than two or $175 for a child older than two. Federal matching funds are also available up to the "local market rate." To determine that rate, the states survey different areas, types of providers, and care situations. The "local market rate" is then set at the 75th percentile of the rates for the providers of particular types of care.

The impact of the FSA will depend critically on how states implement it and local agencies operationalize it. Several fundamental questions remain: What types of child care will be available? What types of standards could be applied to ensure that care is of adequate quality? What financing arrangements must be put in place? How must JOBS programs be adapted to accommodate the needs of the wide variety of providers that families may require? What other steps must be taken to ensure that families have full access to the benefits of the programs?

Studies supported by the Rockefeller Foundation and federal agencies provide solid information on these questions—information that can help shape the evolution of local child care systems. The Foundation's Minority Female Single Parent demonstration programs—which offered a comprehensive range of training and support services to help low-income mothers establish themselves in the workforce—say much about the child care needs of poor families. Other information comes from the Foundation's continuing research on the child care needs of poor families and on the delivery systems and supply of child care at the local level.

The three papers in this briefing provide guidance for planners and program designers responding to the child care challenges of the 1990s. Here are some of the major points:

The child care market in low-income areas

- More than half the preschool children, including many infants, in low-income areas have employed mothers and spend a significant amount of time in child care. Three-fifths of mothers not employed reported that they would work if they had access to adequate and affordable child care.
- The majority of mothers using child care are satisfied with their care, yet 34 percent of the low-income mothers expressed a desire to change their child care arrangements, primarily so that their child could learn more.
- Family day care is plentiful in low-income areas. But child care centers operate at or near capacity, and neither family day care providers nor centers report much capacity to care for more infants.

- Several policy options, modest in cost, could improve the availability and adequacy of the supply of child care.

The importance of quality in child care

- Fewer than 25 percent of the states now have child care regulations that meet a professional consensus on minimal standards for quality care.
- Although the existing body of knowledge on child care does not provide policymakers with conclusive guidance about what constitutes high-quality care, five features of child care appear to have a positive influence on child development: small group size, appropriately trained caregivers, stable child-caregiver relationships, educationally oriented curricula, and high staff-child ratios.
- A renewed commitment to rigorous research is warranted to determine the relationship between specific aspects of child care and the emotional, intellectual, and psychological development of children.

Implementing child care assistance under the Family Support Act

- Estimates of the number of children who will receive child care under the JOBS program range from 700,000 to several times that number. As many as 50 percent of these children will be of preschool age.
- Maximizing the benefits to the children and parents of the child care provisions of the FSA will require attention to the continuity and consistency of child care coverage, to the method of subsidization, and to the procedures for matching care with the needs of parents and children.
- As the demand for child care increases, so must the supply. But the supply and quality of child care are likely to be sensitive to the subsidy levels, regulations, and guidelines that states set.
- It is important to begin thinking now about what will happen to low-income working parents and their children at the end of the year of transitional child care that the FSA provides.

The Child Care Market for Low-Income Parents

Rebecca Maynard
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Over 3 million poor families in this country have pre-school-age children. Most of these families are either single-parent households (in which only about 30 percent of the custodial parents are employed) or two-parent families in which only one adult is employed. Virtually all avenues for these poor families with young children to escape poverty involve relying on either shift work (among two-parent families) or some form of nonparental child care. While we all share the goal of helping poor families escape poverty, we must also consider the intergenerational effects of actions to promote their economic independence. On the one hand, a body of literature suggests that parental time inputs into child-rearing are important to the long-run achievement of children (see Stafford, 1987; and Hill and Duncan, 1987). On the other hand, children from families in poverty are at especially high risk of poor social development and low academic achievement and, hence, of remaining poor. Increasing parental employment and income is key to breaking the cycle of poverty. For families in poverty—both those in which two parents would strive for stable, dual-income employment and those in which single parents would enhance their income potential through work experience or basic skills remediation and job training—nonparental child care is both a critical concern and a necessity.

Beginning with the many state welfare reform demonstrations that were authorized under the OBRA amendments of 1981 and continuing with the recent passage of the Family Support Act, we have seen a shift in public attitudes about welfare and the role of parents, especially low-income parents, as they pertain to parenting versus employment. The prevailing attitude is that the obligations of parents to support their children economically take priority over their preferences for parental care, and that families in poverty should seek nonparental child care in order to find, obtain, and hold jobs in the competitive labor market.

About 40 percent of pre-school-age children in welfare households are older than age two. Implementing the Family Support Act fully would mean that the majority of these children would be placed in full-time or nearly full-

time child care, increasing the demand for nonparental child care for preschool-age children by as much as 10 percent. Thus, the *availability* and *quality* of child care become critical concerns. Access to care is essential to enable poor families to meet program participation or employment requirements under the new welfare legislation. However, they must have access to care that is not merely *adequate*, but which also enhances the growth and development of their children, and thus increases their long-run likelihood of achieving economic stability.

The low-income families who will be using child care in greater numbers face far greater barriers than do middle- and upper-income families in finding and arranging acceptable child care. Many factors act as constraints in the child care markets of low-income areas, including costs, location and transportation, information, and role models, as well as such special needs as child care that can accommodate nonstandard work schedules.

A recent survey of child care supply and demand undertaken by Mathematica Policy Research (MPR) in three low-income urban areas—the South side of Chicago, and Camden and Newark, New Jersey—provides important new information on the child care markets in low-income areas, as well as the child care needs of and the options available to families with preschool-age children (see Kisker, Maynard, Gordon, and Strain, 1989). The remainder of this paper examines the findings from this survey, focusing on the characteristics of the child care market in low-income areas and the problems faced by low-income parents in meeting their child care needs. The paper concludes with a set of recommendations for policy changes that would address many key child care concerns of poor families.

The child care market in low-income areas

The child care market in low-income areas tends to mirror the market in the nation as a whole. The market is characterized by diversity in the types and quality of care offered, as well as in the type of care that is demanded.

The demand for and supply of care

In the low-income areas surveyed in MPR's study, nearly half of the preschoolers are cared for by their mothers who are not working or attending

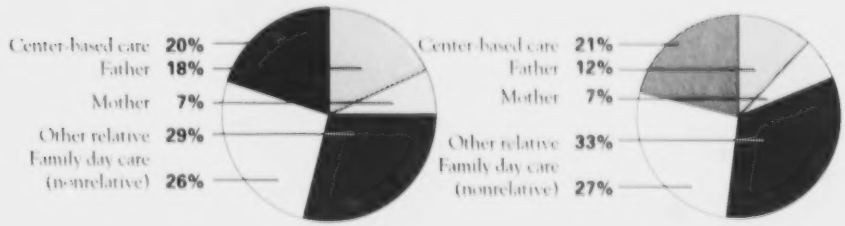
school or training. Of the children whose mothers are working, attending school, or participating in a training program:

- 7 percent are cared for by their mothers at the work place or while they work at home.
- 15 to 20 percent are cared for by their fathers.
- 30 to 33 percent are cared for by other relatives.
- About 25 percent are cared for in family day care provided by nonrelatives.
- About 20 percent are cared for in day care centers.

In these low-income areas, MPR's survey found that the centers are operating near capacity (92 percent), which is consistent with the overall perception that a shortage of center-based care exists in urban areas despite the significant increase in the number of child care centers nationwide. Particularly noteworthy is the fact that less than 15 percent of the limited number of day care center vacancies are available for infants.

In contrast to the shortage of centers, the family day care in these urban areas is plentiful. As a group, the family day care providers reported being willing and able to care for nearly twice as many children as are currently under their care. However, less than 5 percent of the excess capacity in family day care settings is reportedly available for infants, and about one-third of the family day care providers offer only part-time care.

Figure 1 Main child care arrangement for pre-school-age children with working mothers



All children

Low-income children
(Family income less than $24,000 per year)

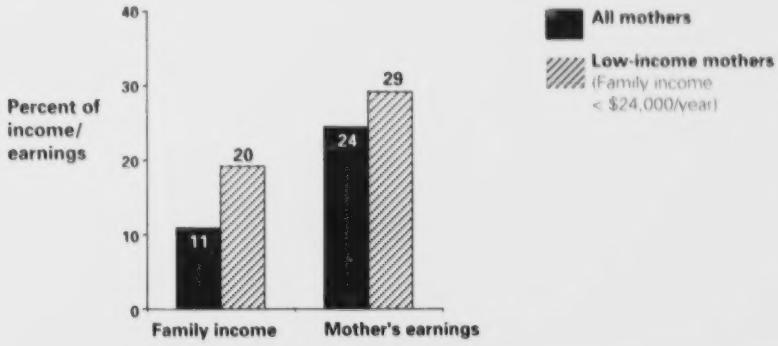
The cost of care

The cost of care in the three urban areas is similar to national cost estimates—$50 to $60 per week for full-time care, with infant care costing substantially more than the average (up to $150 a week). As with families nationwide, families in these low-income urban areas who used paid care for pre-school-age children spent an average of 10 percent of their income and 25 percent of the mother's income on child care. Because the cost of care is only slightly less for low-income families than for other families, child care consumes significantly higher shares of the income of low-income families (an average of 20 percent of family income and 30 percent of the mother's income).

The characteristics of care

Staffing patterns. In general, the centers and family day care providers in the surveyed areas meet the state guidelines on child-staff ratios and group sizes. That is to say, their child-staff ratios range from 3:1 to 9:1, depending on the ages of the children, and group sizes for the centers average around 15 (and less for infants). However, it is noteworthy that over 90 percent of the family day care providers in the three cities were unregulated. Thus, no public oversight is available to ensure the health and safety of nearly half of all children who are in nonrelative care (14 percent of all pre-school-age children).

Figure 2 Share of family income spent on child care by mothers with preschool children



Staff qualifications. On average, family day care providers have relatively low levels of education, and significantly lower levels of education than do the staff of child care centers. Forty percent of the family day care workers in the three low-income areas surveyed have less than a high school diploma, compared with fewer than 10 percent of the working mothers and virtually none of the child care center staff, nearly all of whom have a Child Development Associate (CDA) certificate or some college education.

Schedule and reliability. A third of the family day care providers provide only part-time care, and, while virtually all centers provide full-day care, centers do not offer extended day, evening, or weekend care. Thus, each type of care imposes some limitations on the work schedules of the parents whom they serve.

Child care centers are generally very reliable and are open virtually all year. However, almost none cares for sick children. In contrast, over half of the family day care providers will care for sick children, but the providers themselves are often unavailable due to their own illnesses or to other personal reasons.

The adequacy of the child care market in low-income areas

The preceding discussion on the characteristics of the child care market in low-income areas raises questions about its responsiveness to the child care needs of parents, children, and employers. Several questions in the survey pertained to the adequacy of the market:

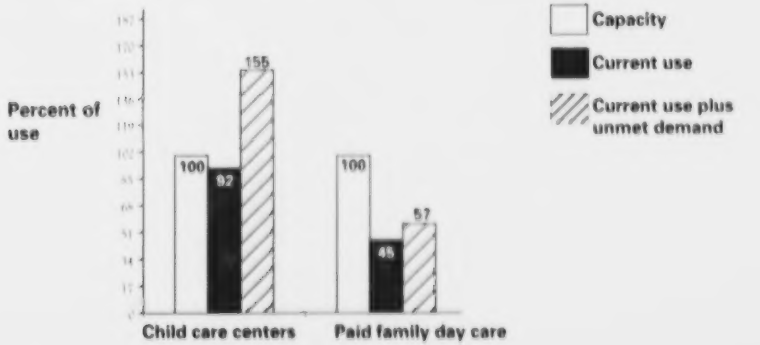
- Is enough child care actually available to meet the needs of parents?
- Does the supply of child care meet the desires of parents?
- Does the available care match the work schedules of parents?
- Is the quality of care optimal?
- Does the market work effectively to match parents with the desired type of care?
- Can families afford the care that is available?

Is the supply of care adequate to serve all children who need care?

Although virtually all pre-school-age children of working mothers are being cared for by an adult, there is evidence of significant inadequacies in the supply of care. Forty (40) percent of all mothers and nearly 60 percent of the low-income mothers in the survey sample who were not already employed reported that they would work if adequate and affordable child care were available to them. They defined affordable care as care that cost an average of $50 to $60 per week—roughly local market costs.

By any measure, openings for infant care are in short supply. Many of those who indicated a willingness to enter the workforce have young children. Yet neither the centers nor the family day care providers reported any significant capacity to care for additional infants. Family day care providers indicate a willingness to care for about twice as many children as are currently under their care, and at fees that the parents with unmet demand deemed *reasonable*. Thus, theoretically, the unmet need for the care of toddlers and preschoolers could be filled by the currently unused supply of family day care. However, the unmet demand revealed by parents signals some form of market failure associated with dimensions of parents' needs other than cost. For example, providers may be selective about the children for whom they are providing care, information barriers may exist that prevent parents from identifying acceptable providers,

Figure 3 Child care use and potential use relative to capacity in child care centers and paid family day care



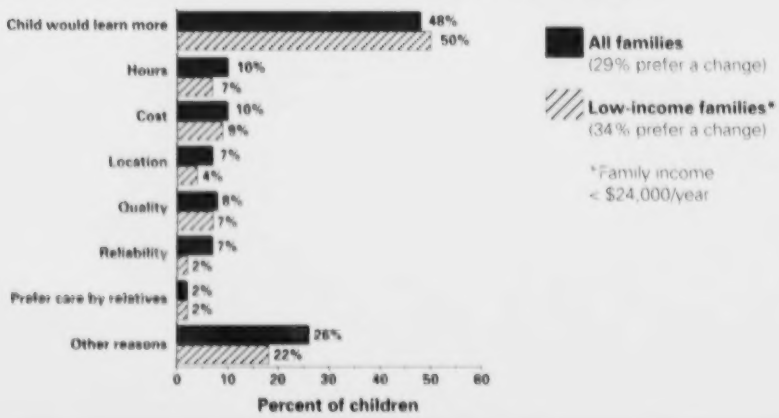
unmeasured quality problems may be associated with the unused capacity, and/or the unused supply may not be well located to meet the needs of parents.

Does the supply of care meet the desires of parents?

The majority of the employed mothers of pre-school-age children reported having care with which they were satisfied. Yet 29 percent of all mothers and 34 percent of the low-income mothers indicated that they would prefer a different care arrangement. If all parents who reported a desire to change their care could change to their preferred form of care, the demand for center-based care would increase by about 10 percent, as would the demand for all other forms of nonparental care combined.

Contrary to expectations, cost is not the major reason for their wanting to change arrangements. Only 10 percent of those who wish to change their arrangements (3 percent of all mothers) indicated that cost was a factor. The majority of the mothers who want to change their care arrangements want to do so to provide their children with a better learning environment. Consistent with this fact, most want to change from relative or family day care to center-based care. This preference for center care is strongest among low-income parents. In part, this strong preference may reflect the fact that, as has been

Figure 4 Reasons for wanting to change child care arrangements



reported in other surveys, low-income mothers find that care by relatives is the least reliable form of care (see Sonnenstein and Wolf, 1988).

Does available care accommodate parents' work schedules?

Many jobs, particularly low-wage jobs, call for nonstandard schedules. Furthermore, proportionately more low-income parents work part-time (two-thirds versus one-third of all working mothers). Part-time work tends to restrict child care options to family day care, since most centers are full-day programs. However, for those who may prefer family day care, it may also be partly an outcome of the child care choice, since many family day care providers offer only part-time day care.

Is the quality of care optimal? Adequate?

MPR's survey results point to the potential for substantial lost opportunities for early intervention to promote improved long-range outcomes. First, less than 6 percent of the children of low-income working parents in these cities participate in Head Start, which is the major compensatory intervention program for pre-school-age children. In part, this low participation rate in Head Start reflects the fact that Head Start is generally a part-time program not geared to the child care needs of working parents. Second, the majority of children of working parents, including low-income children, are cared for by relatives or in family day care settings by adults with little if any formal training in early childhood education and child development. One-third of the family day care providers have less than a high school education. This may not be particularly limiting for children from advantaged backgrounds, and it may not be harmful to children from low-income families. However, it does suggest opportunities to enrich the environment of these children.

Does the market work effectively to match parents to child care providers?

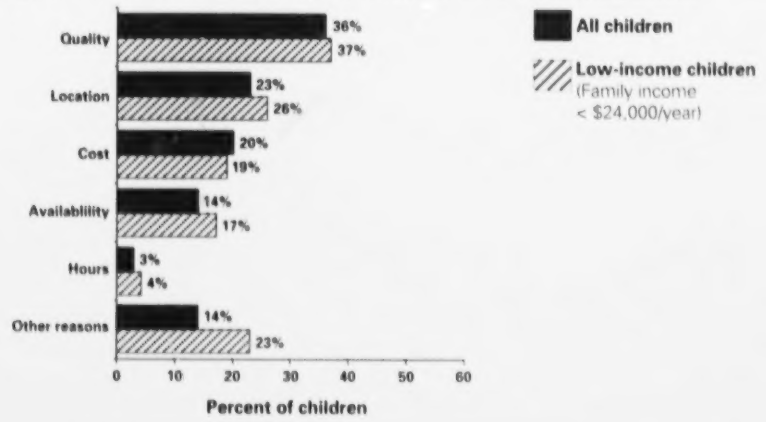
The child care market works very informally, both from the providers' and from the parents' perspectives:

- Most parents find their providers through the recommendations of friends and relatives.

- Only about half of the mothers in the survey reported that they shop for care—that is, visit more than one provider before making a selection.

Parents reported that their selection criteria are, in order, quality (36 percent), location (23 percent), and cost (20 percent). However, parents have limited means of finding out about their child care options or assessing them before they place their child with a provider. In particular, family day care providers are very passive about marketing their services, and most of them take no action to fill vacancies. The child care centers provide better information-dissemination services, but their efforts are also limited.

Figure 5 Reasons for selecting main type of child care arrangement



Can families afford care?

Child care is a major expense for all families. However, among low-income families who pay for care, it consumes an average of about 20 percent and, in some cases, up to 50 percent of the family's income. Even among welfare recipients who are working, about one-third pay for that care themselves. Although subsidies are available in the form of tax credits and social service block grants, the child care options of low-income parents are necessarily restricted by cost considerations.

Recommendations

The long-run options for addressing our nation's child care needs are many, and if we are to meet the needs of parents and children fully the costs will be high. Nonetheless, several policy options, modest in cost, could significantly improve how the child care market operates and the extent to which it is responsive to the needs of families.

Increase financial subsidies

Serious consideration should be given to increasing the financial subsidies available to low-income families through such policies as refundable child care tax credits. Recent estimates suggest that making the current child care tax credit refundable would significantly increase the transfer of child care subsidies to low-income families—particularly single-parent families, one-third of whom would benefit (Barnes, 1988). At relatively modest costs, such policies could reduce the average cost of child care for low-income families to nearer 15 percent of family income, rather than the current 20 percent.

Support resource and referral networks

Investments in improving the organization and coordination of the market—for example, by supporting resource and referral networks—could markedly improve the operation of the child care market. Coordinating resources more effectively could significantly improve both child care utilization rates among current providers and the satisfaction of parents with their child care by facilitating initial selections and changes. Such investment is also essential to the success of the Family Support Act, since the JOBS program will not likely be successful at enrolling significant numbers of parents of pre-schoolers unless better mechanisms are instituted for identifying the child care options available to parents of pre-schoolers.

Promote provider training

Federal support should be directed toward promoting training for providers, including training for family day care providers. If we are to take full advantage of the opportunities presented by the JOBS program to effect economic stability among low-income families, we must be concerned about the quality

of the child care that is provided to the children of JOBS participants. Since most children of JOBS participants will be cared for by relatives and in family day care settings, it is important that we focus attention on the quality of those types of care. Quality encompasses the training of caregivers, as well as their stability. Both of these issues could be addressed through resource and referral systems, as well as through more targeted training efforts.

Support the expansion of infant child care

Public support is a critical necessity in increasing the supply of both center-based and family day care for infants if current and projected demands are to be met. One approach for reducing long-term welfare dependence is to keep adolescent parents in school and, more generally, to facilitate the employment of all mothers who want to work. One obstacle to employment for mothers with infants is the lack of a sufficient number of infant-care positions. Without stimulating additional infant-care options, it may be difficult to achieve the intended level of school participation by adolescent parents that is mandated under the Family Support Act. Furthermore, many adult mothers of infants may become and/or remain welfare-dependent due to the lack of realistic child care options to support their full-time employment.

The Importance of Quality in Child Care

Ellen Eliason Kisker
Senior Researcher, Mathematica Policy Research, Inc.

With the increased demand for child care that is being generated both by the growing number of mothers of young children who are entering the labor force and by the implementation of the Family Support Act, the availability of quality child care arrangements becomes a crucial concern for both policymakers and families. In particular, concern has been expressed about the long-term effects of child care arrangements on the health, safety, and cognitive, social, and emotional development of children, especially economically disadvantaged children whose mothers may be required to enter employment-related activities.

This concern about the quality of child care arrangements has led to active debate among policymakers about the role and content of child care regulations. Opinions differ widely about the types of care that should be regulated (center-based care, family day care, and/or in-home care by babysitters), the characteristics of care that should be regulated (health and safety only, programmatic features, and/or staff credentials), the minimum standards that should be applied to these characteristics, and the entities that should enforce the standards (federal or state agencies). The wide variation in current state regulations that govern the provision of child care is evidence of this lack of consensus among policymakers about standards for ensuring a minimum level of quality care. Moreover, as Figures 6 and 7 indicate, most states do not meet professionally agreed-upon minimum standards for good quality care, and the majority of states do not regulate family day care providers that serve a small number of children.

The lack of consensus derives largely from the existing body of research on what constitutes high-quality child care. On the one hand, the individual pieces of research that have been undertaken to define "high quality" have been prone to methodological and technical difficulties that render decisive, replicable results problematic. For example, no widely accepted tests have been developed and used consistently to measure the full range of developmental outcomes that delineate features of high-quality care. Moreover, most studies that have examined quality of care have been small, and have been based on homogeneous, unrepresentative samples of children. Finally, most studies have

not considered many of the factors beyond the child care setting that influence the development of children, nor have they controlled for the decisions of parents of particular types of children to use higher- or lower-quality child care arrangements.

On the other hand, the preponderance of the evidence generated by all of the studies combined have revealed many patterns of relationships between qualities of child care arrangements and child outcomes. This paper discusses the evidence on these indicators of "high-quality" care, and briefly reviews current knowledge about the types of child care arrangements that exhibit these characteristics. The concluding section provides observations and recommendations on how the knowledge gap in this area can be narrowed.

Indicators of quality child care arrangements

For practical reasons, quality child care has generally been defined in terms of the measurable and regulatable characteristics of child care arrangements that promote positive developmental outcomes for children. This approach to defining quality care assumes that the purpose of child care is to provide not only custodial care that enables mothers of young children to work, but also care that promotes the cognitive, social, and emotional development of children. The research has consistently identified five features of child care arrangements that have positive effects on developmental outcomes for children (see Phillips and Howes, 1987; Silverberg, 1989; and Bredekamp, 1987):

- Small group size
- Caregivers who have higher formal education and specialized training in child development
- Stability in the relationships between children and caregivers
- An educationally oriented curriculum
- High staff-child ratios

The most consistent finding is that small group sizes in both child care centers and family day care settings have positive effects on the development of children, especially very young children. Small group sizes tend to enhance creative and cooperative activities, as well as verbal and intellectual interaction, thus leading to higher scores on tests of social and cognitive development. Some research on the health consequences of child care arrangements also suggests that smaller group sizes tend to reduce the risk of illness.

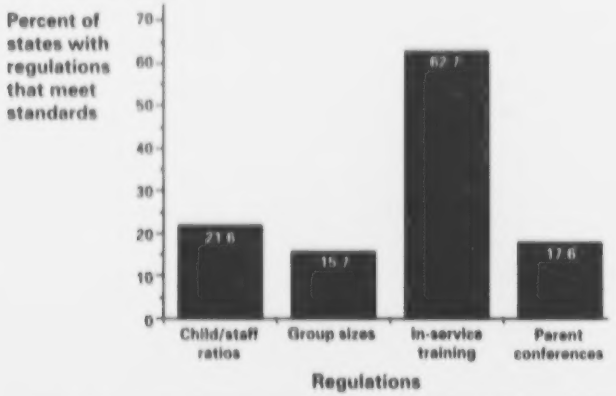
Second, the research suggests that children whose caregivers have higher formal education and more specialized training perform better on tests of cognitive and language development than do children who are cared for by less well trained individuals. Studies have generally found that higher education and training in child education and development are associated with greater social and intellectual stimulation by caregivers and greater cooperation and task persistence by children.

Third, the stability of the relationships between children and caregivers has consistently been found to be associated with positive child outcomes. Low staff turnover has a positive effect on children because the formation of strong caregiver-child relationships enhances adult-child interactions and fosters intellectual and social development.

Fourth, the research provides clear and consistent evidence that programs that offer educationally oriented curricula have more positive impacts on cognitive development than do other programs. Children who participate in programs that offer educational activities spend more time engaged in constructive, exploratory play, and they achieve higher scores on IQ and achievement tests (although there is also evidence that these benefits may be temporary).

Finally, high staff-child ratios have generally, though not consistently, been found to be important for child development. High staff-child ratios increase

Figure 6 State regulations for child care centers that meet accreditation standards, 1986



Source: Derived from information in Morgan (1987).

the level of adult-child interaction and promote nurturant and nonrestrictive behavior by caregivers. However, it appears that other factors, such as caregiver training, sometimes mediate the effects of staff-child ratios on developmental outcomes. The evidence from research on other indicators of quality of care, including the experience of caregivers in caring for children and the involvement of parents in child care, is mixed; some studies suggest that these factors have a positive effect on child outcomes, while other studies find neutral or negative effects.

High-quality child care settings

In view of the accumulation of research that has consistently identified these five indicators of quality child care, it is useful to consider the types of child care arrangements that exhibit these characteristics most consistently. The only national perspective comes from two studies conducted in the mid-1970s—the National Day Care Study (NDCS) and the National Day Care Home Study (NDCHS) (Coelen, Glantz, and Calore, 1979; and Singer et al., 1980). These studies showed that the quality of care varies substantially across child care settings.

However, since these studies were conducted, the supply and use of child care arrangements have increased dramatically, making this information on the quality of child care arrangements at the national level now quite out-of-date. For example, the National Association for the Education of Young Children estimates that, since 1977, the number of licensed child care centers has increased by more than 200 percent, and that the number of licensed and registered family day care providers and group homes has increased by nearly 50 percent.

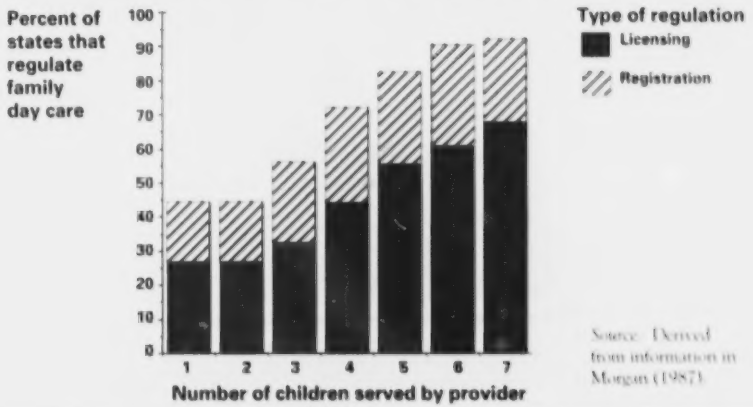
Evidence is accumulating from recent small studies of specific child care market segments about the distribution of levels of quality of care across different types of child care arrangements. This evidence suggests that child care centers and nursery schools are more likely than family day care settings to exhibit characteristics that lead to positive child outcomes. For example, recent research, including a three-site study by Mathematica Policy Research, Inc. (MPR) (Kisker, Maynard, Gordon, and Strain, 1989) and a study conducted in Chicago by Clarke-Stewart (1987), shows that caregivers in centers and preschools are more qualified than caregivers in family day care, in terms

of both formal education and specialized child-related training. Preschool teachers in child care centers generally have some postsecondary schooling, either in a Child Development Associate's degree program or in college, while over half of the family day care providers have less than a high school education. In addition, centers and preschools are more likely than family day care providers to offer educationally oriented curricula and to maintain a more stimulating environment.

On the other hand, centers and preschools tend to have larger group sizes and lower staff-child ratios. However, research suggests that, according to most measures of child development, the relatively more positive features of child care centers appear to compensate for these larger group sizes and lower staff-child ratios.

Very little is known about the current distribution of quality care among providers within types of child care arrangements. However, MPR's three-site study suggests that the quality of care may vary substantially among the same type of providers. For example, in that study, staff-child ratios within age groups range from 2 classroom staff members per child to 1 classroom staff member per 20 children among the child care centers in the sample. Similarly, staff-child ratios in family day care range from as high as 2 adults per child to as low as 1 adult per 20 children.

Figure 7 Extent of regulation of family day care in the United States, 1986



Source: Derived from information in Morgan (1987).

Observations and recommendations

Despite the preponderance of evidence on the indicators of quality care and the types of arrangements that exhibit these indicators, it is clear that more rigorous research must be undertaken to define high-quality and low-quality child care arrangements. Moreover, more in-depth research is necessary to understand the implications of both high-quality and low-quality care as they pertain to the types of families that will be drawn into the labor force in the next few years. Several avenues of research bear noting.

First, while research has identified significant relationships between the structural features of child care arrangements and developmental outcomes for children, it has largely not determined the levels of such features that are desirable and undesirable, or acceptable and unacceptable. Research has focused on the positive effects of high-quality child care, yet has not focused on the negative consequences of low-quality child care. For example, research has not established whether low-quality child care harms children or simply represents lost opportunities to enhance and promote their development. Thus, the literature offers little guidance to policymakers who are debating the role and content of child care regulations and seeking to establish minimum standards to ensure that available child care arrangements will not have harmful effects on children.

Second, and of particular relevance to policies directed toward low-income families, research on quality of care suggests that the benefits of high-quality child care arrangements differ by socioeconomic status. The positive effects of high-quality programs have been demonstrated more clearly for disadvantaged children. Particularly in the area of cognitive development, high-quality, educationally oriented child care arrangements have been shown to generate significantly more positive child development outcomes among children from disadvantaged backgrounds. The evidence for middle-class children is weaker, with less consistent findings of developmental advantages for such children in higher-quality child care arrangements. The evidence of stronger positive effects of higher-quality child care for disadvantaged children suggests that, through its child care provisions, the FSA may represent an important opportunity to enhance the future life success of the children of low-income mothers, in addition to improving the current economic situation of low-income families.

Third, future research should address the limitations of previous research. In particular, several important methodological and technical dimensions must be enhanced to provide a definitive base of knowledge for identifying high-quality child care arrangements:

Improve tests of developmental outcomes

Although IQ and related tests of cognitive development have been and continue to be used to evaluate early childhood programs, they have been challenged on the grounds that they are socially and culturally biased. Tests of social and emotional development have been subjected to less intensive review than have the cognitive tests, and even less of a consensus has been reached among developmental psychologists about the appropriateness of using particular measures of social and emotional development to assess child outcomes. Furthermore, many of these developmental tests require one-on-one testing and observation by highly trained persons, making them impractical for large-scale studies. An important objective for further research should be to develop valid and reliable "tests" to measure the full range of child development outcomes.

Expand the research to include all types of children and child care arrangements

Many studies of the effects of early childhood programs on cognitive development have used samples of disadvantaged children, while studies of social and emotional development have tended to focus on middle- and upper-class children. Moreover, until recently, most studies focused on small-scale, university-based programs and a few high-quality programs for disadvantaged children. In particular, larger studies that encompass heterogeneous samples of children in both lower- and higher-quality child care arrangements must be conducted to determine whether low-quality care is detrimental to child development.

Take into account the full range of factors that influence child development

Many studies have controlled for a small number of family characteristics, such as family income and parents' educational levels, but have not controlled for other factors, such as the mother's activity outside the home. While recent

studies have recognized the importance of these multiple factors and have controlled for a wider range of family characteristics, they still have not explored the possibly complex ways in which factors may interact with or mediate each other to generate developmental outcomes. Future research on the quality of care should focus on collecting information on the full range of factors that influence child development, including child, family, and other environmental variables.

Ideally, experimental-design studies would be adopted more widely, whereby similar groups of children would be exposed to different levels and qualities of child care in an effort to expand our understanding of the relationship between quality of care and child outcomes. The only such effort currently underway is the Child Care Plus Demonstration, initiated by the Rockefeller Foundation. This demonstration will test the impacts of different child care options for families of young children who are participating in the employment-related services mandated under the FSA.

Update information on variations in quality among child care arrangements

As noted earlier, the information that is available at the national level on the quality of child care arrangements as measured by the indicators of quality is quite out-of-date. Two national surveys were conducted in late 1989 and early 1990 to address this need for more current information. The U.S. Department of Education is sponsoring the Profile of Child Care Settings Study, which is examining the levels and characteristics of care provided to preschool children by center-based early childhood programs and regulated family day care providers. The U.S. Department of Health and Human Services and the National Association for the Education of Young Children are sponsoring the National Child Care Study, which is investigating decision-making by child care users and includes a linked provider survey that will examine the levels and characteristics of care provided by unregulated family day care providers. Finally, a national survey of providers of care for school-age children and an in-depth observational study of the quality of care in a sample of center-based programs interviewed for the Profile of Child Care Settings Survey, both of which are funded by the U.S. Department of Education, are planned for 1990 and 1991.

Implementing the Child Care Assistance Provided under the Family Support Act

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The Family Support Act of 1988 (FSA) promises to bring large numbers of young children into the child care system as their parents prepare for jobs and actually become employed. The number of children affected will depend on how the JOBS program is implemented locally and how parents respond to the program. However, by the time the FSA is fully implemented, estimates of the number of children who are placed in nonparental care annually under the requirements of the JOBS program range from about 700,000 to several times that number. As many as half of these children will be pre-school age. The types of care utilized will span the full range—from informal in-home care by relatives to sophisticated center-based care—and will be both subsidized and unsubsidized.

Implementing the child care provisions of the FSA will pose major challenges for the welfare and child care systems. This paper discusses four key implementation issues underlying the child care provisions of the Act:

1. When child care should be provided
2. The logistics of providing care
3. The supply of care
4. Monitoring of care

It is important to focus our consideration of these issues on both the labor-market participation of parents and the quality of care for children.

When child care should be provided

The FSA stipulates that child care subsidies be provided to a parent as necessary to enable him or her to prepare for employment and to remain employed. The Act explicitly encompasses periods of participation in approved education and training activities, as well as up to one year of employment after a person leaves AFDC. These guidelines appear to be reasonably clear and generous, but they may not adequately respond to the complexity of a parent's employment-related needs and activities. Securing employment may require participation in a succession of activities that include, but do not begin and end with, formal education, training, and employment.

Employment-directed activity, particularly for the most disadvantaged, may start with such activities as orientation and testing, assessment and career exploration, and "world of work" training. These are likely to be part-time or intermittent activities, but activities that nonetheless necessitate relying on child care. In addition, education or training will often be followed by a period of job search, perhaps encompassing participation in job-search assistance programs. Job search is also likely to be a part-time activity.

A critical issue for the progress of participants through JOBS and the well-being of their children is the *continuity of care* through each step of the program and through the transition to employment. The recently implemented rules that have interpreted the Act do permit child care subsidies to cover participation in these less formal activities. It will be important for the states to exercise this option and provide child care that covers all phases of employment-directed activity, else there could be one of two consequences.

The first is that some parents would be forced to cover these phases with ad hoc, low-cost care, implying that children would be moving in and out of various child care arrangements according to the specific employment-directed activities of their parents, with all of their attendant disruption. It might also mean that parents would choose the lowest common denominator of care that would be affordable to them in order to avoid the process of changing child care settings. The second is that some parents might opt not to go forward with their employment-directed activities and would simply fall through the cracks, either because they cannot afford to secure child care during some of these employment-directed phases or because they are discouraged or deterred by the complexity of changing arrangements.

If it is not possible for states to cover child care costs directly during such periods, one approach that has been used in similar situations to minimize these adverse consequences is to request that education and training providers redefine their curricula to encompass all employment-directed activities. This option is not an inherently bad way to deal with the continuity-of-care problem, and it may be a preferred way to provide training. However, agencies may be unwilling or unable to adopt this approach.

The logistics of providing care

The Act suggests a variety of methods by which states may arrange for child care; it also requires that states take the needs of children into account when making the arrangements. This general topic covers a number of specific issues, including (1) the mechanics of arranging child care, (2) the method of subsidization, and (3) procedures for matching child care arrangements to the needs of parents and their children.

The mechanics of arranging child care

Child care needs should initially be dealt with at the same time that education, training, and other needs are first addressed. This "one-stop shopping" approach to service delivery minimizes the delays and problems that would otherwise be encountered by parents in managing their child care needs, and helps preserve the parents' momentum toward meeting employment goals. We know from recent demonstration programs that identifying and accepting initial child care placements is a major hurdle for many mothers who are first seeking employment, especially mothers of preschoolers. It is important that these issues and concerns be dealt with naturally and conveniently in conjunction with all other aspects of job preparation. It is also extremely helpful that responsibility for responding to the child care needs and concerns of parents be consolidated in one local agency, commonly referred to as a "child care resource-and-referral agency." Such an agency can devote its full attention to identifying, coordinating, and promoting the supply of child care; identifying the needs of participants; and actually linking participants with child care providers. The agency can be part of the local governmental system or an independent organization working under contract. However, giving the responsibility for child care placements to agencies that have other major responsibilities would increase the risk that child care placements would receive insufficient attention. Furthermore, the special concerns of mothers who are new to the world of child care can best be addressed by the types of child care "specialists" who staff resource-and-referral agencies. The "one-stop shopping" approach to service delivery does require that resource-and-referral staff be co-located with JOBS staff.

An additional advantage of providing child care assistance through a specializing agency is that parents often require on-going assistance with their child care needs and concerns. Their requirements may change as they go through employment preparation or employment transitions, or as problems arise in the care of their children, or for other reasons. Moreover, preferences for types of care often change as parents gain experience and confidence and as children grow older; these preferences are often manifested in a desire to shift from home-based care to more formal and more educationally oriented arrangements.

Another important dimension of the mechanics of arranging care is when and how assistance is offered. The rules for the FSA suggest that child care should be offered at two points—when AFDC claimants join the program, and when they leave AFDC because they have become employed. Currently, in fact, local welfare agencies often do not offer assistance unless it is requested. Such behavior can be explained or rationalized in many ways, but the practice works against establishing high-quality and stable child care. It naturally leads to the modest levels at which subsidized child care is used in those programs that currently offer subsidies, and gives us the modest numbers that some planners have used to project needs under the FSA. However, evidence from demonstrations suggests that the rates at which subsidized care is used could range from 50 to 80 percent if programs actively offered assistance in locating and subsidizing care.

The method of subsidizing child care

The second issue pertaining to the logistics of providing child care is how welfare agencies contract with providers and pay for care, and the implications of these arrangements for the availability, quality, and stability of care. While the FSA gives the agencies a great deal of latitude in the methods they use to con-tract services, the method finally chosen can have great implications for the use of subsidized care.

In general, parents and children are best served by portable subsidies—subsidies that can be used with any qualified provider. Portable subsidies give parents the flexibility to select the type and location of care that best suits their needs. They also permit parents to change care arrangements as circumstances require.

On the other hand, child care providers, at least those whose overhead is high (typically centers), often prefer a more direct contractual arrangement in which the welfare agency actually pays for slots. Providers generally prefer these arrangements because they are concerned about the fluidity of the welfare population, and they want greater assurances that they will receive payment and that their available slots will be covered. From a broader perspective, such arrangements may also be essential as a vehicle for stimulating the supply of child care.

Matching child care arrangements to the needs of parents

The final issue pertaining to the logistics of providing child care is that the agency responsible for making child care arrangements must have a variety of care arrangements available to it. Furthermore, it must have the capability to work with parents to match care to their needs and the needs of their children. These needs may be associated with location, hours, setting, price, or the qualities of the care itself. Moreover, such needs may well change over time as the child grows older or as the parent experiences changes in economic or social circumstances.

The supply of care

The responsibility of the states to promote the supply of child care is only implicit in the FSA. However, the Act does explicitly mention standards and guidelines for center and family day care. It seems clear that the objectives of the FSA can be met only if states actively promote the supply of care. This issue pertains less to the number of child care slots than to the availability of slots of different types, including variety in terms of center and home-based care, the location of care, the hours of coverage, and price. Welfare families, as do all families, have varied needs, many of which will be dictated by the types of jobs available to them. Infant care is a special supply concern that will require a great deal of attention by staff if JOBS is to attract young mothers.

It is also critical that slots be available in all of the areas in which welfare recipients live. The problems of getting children to the child care providers can be as large an impediment to work as the cost of child care.

Timing is yet another important consideration. Slots must be available when they are needed to meet the varied needs of parents and children.

Importantly, the FSA provides an opportunity for states to influence the quality of child care. While the Act mentions only health and safety issues when it speaks of state regulatory responsibilities, the concern expressed in the Act for the individual needs of the children reminds us that the early years in the lives of children provide a unique opportunity and challenge to address the cognitive, emotional, and developmental needs of those from disadvantaged backgrounds.

A large body of research suggests that the quality of early intervention can have significant impacts on the development of children. While the evidence is not as conclusive as we would like, it clearly indicates the importance and value of high-quality, developmental care. Thus, states should also consider how the quality of care that will be available to children can be augmented, else the FSA may represent a lost opportunity to address the important long-term consequences of poverty.

Certainly a precondition of influencing the quality of care is the willingness and ability to pay for such care. The Act gives each state the flexibility of setting the subsidy limit either as low as the AFDC disregard ($175 a month for children two years of age or older and $200 for children younger than age two) or at some higher amount. The payments themselves are for actual costs, but cannot exceed local market rates or the state limits. Market rates for full-time formal care arrangements in both homes and centers tend to average between about $220 and $260 per month. Thus, if states are to influence the quality of care, it will be important that they set the subsidy limits well above the disregard level.

Monitoring

In accordance with the FSA, states must monitor the continued eligibility of parents who receive child care subsidies, either for employment-directed activities while they are on AFDC or as transitional benefits. Eligibility must be monitored regularly and effectively, but in a way that is not cumbersome, does not unnecessarily delay child care payments, and does not stigmatize recipients.

It is relatively easy to monitor participation in a formal program through a cooperative reporting scheme with program operators, and training providers are often readily willing to cooperate with this type of monitoring. Job search can be monitored in much the same way that UI monitors compliance with work-search requirements, but a great deal of uncertainty surrounds the effectiveness of this type of monitoring. Employment can be monitored through employee wage receipts and self-declarations; it can also be monitored more reliably through employers, but contacting employers might stigmatize participants, or employers might simply be uncooperative.

It is also important not to overlook the benefits of monitoring child care providers. Particularly in light of the pressing needs of the children and because it is national policy that places many of the children in nonmaternal care, it might be very valuable to monitor the providers on an ongoing basis to ensure that they continue to provide quality and suitable care for the individual children. Unfortunately, case managers and resource and referral workers often lack the resources and sometimes the inclination to monitor and reassess placements unless a problem is brought to their attention.

Closing observation: child care beyond the FSA

While the child care provisions of the FSA collectively represent an important potential step forward for the economic and social well-being of disadvantaged families, particularly children in those families, it is important to speculate on one issue that literally goes beyond the FSA. That is, what happens to working parents and their children at the end of the one year of transitional child care assistance afforded by the Act?

The experience of demonstration and state welfare-reform programs—confirmed by simulations based on state welfare rates, typical child care and other work-related expenses, and the range of earnings that recent welfare recipients can expect—indicates that child care subsidies are necessary to enable many recent welfare recipients to engage in employment. Since little in their employment experience changes in the transitional subsidy period (which has ranged from three months to one year, depending upon individual state laws), these individuals face a crisis when the subsidy period ends.

Unfortunately, much the same thing should happen under the FSA: many parents will either be forced to return to welfare or be pressed into finding low-cost, low-quality child care after the one-year transition period. It may well be that parents, children, and taxpayers will ultimately all lose from the one-year limit on transitional child care benefits. It is important that the cost-effectiveness of extending income-conditioned transitional benefits for a longer period of time to keep parents employed and to keep children in quality care be the focus of further study and research.

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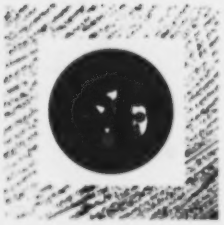

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